

Aviation Related Legislation in the California Legislature

March 1, 2004

2003-04 First Extraordinary Session: The following bill would amend the: a) Budget Act of 2003, or b) California statutes, to implement the budgetary changes.

Budget and Trailer Bills for FY 2003-04 SB 1048 (Senate Budget Committee): *SB 1048 was amended in the Assembly to delete the transfer of \$4.8 million from the Aeronautics Account to the General Fund for FY 2003-04. SB 1048 passed the Assembly, and is pending in the Senate Committee on Rules.*

2003-04 Regular Session

1. **AB 77 (LaSuer): “San Diego County Regional Airport Authority (SDCRAA)”:** This bill would prohibit the SDCRAA from displacing or interfering with existing aerial fire fighting locations in the San Diego Region, when considering the siting for an international airport. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

2. **AB 118 (Frommer), “Rental Vehicle Transaction Fee” and SB 300 (Torlakson and Alpert) “Rental Vehicle License Transaction Fee”:** AB 118 would require rental car agencies to collect an “Impact Fee” of 2.29 percent on each rental car transaction, to mitigate the congestion caused by rental cars on the state’s highways. The fees would be deposited in the State Highway Account to fund road improvement and traffic congestion relief projects near airports and tourist destinations. *SB 300 would allow rental car companies to recoup 80% of new increased Vehicle License Fees from consumers by allowing them to charge a separate line item fee on their rental agreements. The bill also provides for various fines for noncompliance with the bill’s reporting requirement. SB 300 is pending in the Assembly Committee on Appropriations. AB 118 is in the Senate, but has not been assigned to a policy committee.*

3. **AB 530 (Mullin): “Aviation: Noise”:** This bill would, in subsequent legislation, require each airport served by an airline, to mitigate airport noise through a collaborative program between the airport and airlines to reach operating performance goals in compliance with the airport noise standards administered by the Department. Assembly member Mullin is chair of the Assembly Select Committee on Aviation and the Airline Industry, and held a hearing in Brisbane on February 27, 2003 on this issue. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

4. **AB 694 (Levine): “Use Tax: Vehicles, Vessels, and Aircraft”:** This bill will make a “rebuttable presumption” that an aircraft purchased outside of California (CA) will be subject to CA’s use tax, under any of the following circumstances: a) It was purchased by a CA resident; b) It was subject to the CA property tax during the first 12 months of ownership; or c) It was used or stored in CA more than ½ the time during the first 12 months of ownership. This presumption may be “controverted” by documentary proof that the aircraft was purchased for use outside of CA during the first 12 months of ownership. If the aircraft is used in interstate or foreign commerce, it will not be subject to the bill. The bill will provide for an exemption for aircraft brought into California for the purpose of repair, retrofit, or modification, if the work is completed, and less than 25 hours of air time has been logged by the aircraft owner, or an agent designated by the owner who is operating the aircraft. If more than 25 hours is logged, then the aircraft will be subject to the use tax. There will not be a grace period allowed for avoidance of the use tax. *AB 694 is in the “Inactive” file on the Senate Floor.*

5. **AB 721 (Matthews): “Urban Growth Boundaries: Smart Growth Model Ordinance”:** This bill would require a city’s or county’s general plan to establish a 20-year urban growth boundary in the land use element for extension of urban services. Expansion of the growth boundary would be prohibited during that period unless certain conditions are met. Local jurisdictions complying with the updated preparation of the land use element would be eligible for partial reimbursement. Funding would be available for capital improvement projects in the updated land use element with an urban growth boundary. The Governor’s Office of Planning and Research would be required to develop a state “smart growth” model zoning ordinance. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

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6. **AB 734 (Montanez): "Large Venue Recycling Programs"**: This bill would require a city or county to give funding priority for establishing or expanding recycling at "large venues", including airports, to provide a "multiple material recycling bin" for every 500 visitors, based upon the daily visitor capacity of the "large venue". AB 734 is pending in the Assembly Committee on Natural Resources. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

7. **AB 920 (Nakano): "Real Estate Disclosures: Nuisance: Local Government"**: AB 2776, Chapter 496 of the Statutes of 2002, established a city or county disclosure requirement for real property in the vicinity of an airport influence area, effective January 1, 2004. AB 920 would provide, after January 1, 2005, unless a city or county adopts a different or additional disclosure form, that an "Airport Influence Area" map disclosure, or notice of an airport within two statute miles, would satisfy the requirement for disclosure of airports in transfers of real property. AB 920 was *returned to the Judiciary Committee from the Senate Floor.*

8. **AB 1183 (Ridley-Thomas): "California and Mexico Border Economic Infrastructure Financing Authority"**: The Legislature's intent is to recognize that due to the doubling of population by 2020 in counties bordering Mexico, transportation and other infrastructure needs must be addressed. This bill would establish the above Authority, which could be used to finance transportation, including airports, and other infrastructure needs. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

9. **AB 1221 (Steinberg and Campbell): "Taxation"**: If passed, this bill would become the "California Balanced Communities Act of 2003". The bill is concerned with the tax rates and distribution of revenues from the sales and use tax and property tax, among cities, counties, a city and county, districts, school districts, community college districts, and county offices of education. The Legislature's intent is for the state to maintain its aggregate funding obligations, by modifying the aforementioned revenue sources that are relied upon by the users of the tax revenues. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

10. **AB 1645 (Ridley-Thomas): "Airports: Ground Transportation Security"**: The bill would require the California Public Utilities Commission to establish security standards for driver applicants and key employees to "charter-party carriers" serving airports. LAX's Police requested legislation to require criminal background checks of bus, van, and limousine drivers at airports. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

11. **AB 1869 (Maldonado): "Sales and use tax exemption: space flight."** Existing law provides a sales tax exemption for personal property that has space flight capability (launch vehicles and satellites). This bill expands the sales tax exemption to include equipment and materials used to construct, launch, and transport commercial space flight property and facilities used in spaceport operations. This bill was introduced Feb 3, 2004 and referred to the Committee on Revenue and taxation on February 24, 2004.

12. **AB 2039 (La Suer) and AB 2284 (Plescia): "Airports: San Diego County Regional Airport Authority"** Existing law (PUC Section 170028) provides for the appointment of three members of the public to the San Diego Regional Airport Authority's Executive Committee to four year terms, and to receive a base salary commensurate to that of superior court judges in the county. AB 2039 would require the three public members of the executive committee be elected at large from the county, beginning with the 2006 statewide general election, and that they receive a salary commensurate with that of members of the state legislature. AB 2284 would delete the requirement that the San Diego Association of Governments and the port transfer all contracts related to the location of an airport over to the authority by March 1, 2002. AB 2039 may be heard in committee March 19. AB 2284 may be heard in committee March 21.

13. **SB 541 (Torlakson): "Motor Vehicle Fuel License Taxes"**: Existing law imposes an excise tax on aviation gasoline of \$.18 per gallon, which was effective January 1, 1994. If the price of gasoline were

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below \$1.80 per gallon, this bill would raise the tax each year according to the Consumer Price Index (CPI), with the rate for 2004 calculated for the period between 1994 and 2003. The author estimated the tax would now be \$.215 per gallon. In FY 2001-02, 28.8 million gallons of aviation gasoline were purchased in California. Using that amount of fuel, the increase could have generated an estimated \$1 million annually. SB 541 failed passage in the Senate Committee on Transportation, but was granted reconsideration. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

14. SB 593 (Ackerman): "Property Taxation: State Assessment: Commercial Air Carrier Personal Property": Existing law imposes taxes on commercial air carriers' personal property in each county; the carrier is defined as "a person that operates an aircraft for any commercial purpose for compensation". This bill would require, beginning in the 2005-06 Fiscal Year and each year thereafter, the Board of Equalization (BOE) to assess commercial air carriers' personal property on a statewide basis, including the full market value of aircraft, and allocate the revenues to the tax rate area(s) in the counties in which the property is located. The BOE would be required to audit the books and records of a commercial air carrier every four years. The Senate Committee on Appropriations' staff analysis of SB 593 stated: Approximately \$100 million is currently collected on the assessment of commercial aircraft (for local property tax purposes). *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

15. SB 806 (Sher): "General Plans: Land Use: Circulation—Transportation Element": This bill would change the "Circulation Element" to the "Transportation Element", which would be correlated to the land use element. "Military Airports" are specifically included in the "Transportation Element". *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

16. SB 924 (Karnette): "Global Gateways Development Council": This bill would create, until January 1, 2011, an eight-member Council in the *Business Transportation and Housing Agency*, to advise the Department, CTC, and regional transportation planning agencies, concerning the needs of commercial transportation in California. The Council would report annually to the Legislature and the Governor on the goods movement transportation system. *The council may only convene after the Department of Finance has determined that nonstate funds have been deposited with the state to fully support the activities of the Council. This bill has not yet been assigned to a policy committee in the assembly.*

17. SB 926 (Knight): "Technology Development": This bill would transfer the space enterprise development program, the California Space Authority, and a competitive grant program for space enterprise from the Technology, Trade and Commerce Agency to the Business, Transportation and Housing Agency. SB 926 is on the Assembly Floor.

18. SB 981 (Soto & Romero): "Petroleum Pollution Cleanup and Prevention Act of 2003": Due to air quality problems associated with the transportation fuels, including those used for internal combustion engines in aircraft, this bill would impose a fee of \$.30 per barrel of crude oil that is consumed in the state. The revenues would be sent to the Children's Health and Petroleum Pollution Remediation Trust Fund, to provide funding for children's health and other mitigation programs. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

19. SB 998 (Bowen): "California Economic Stimulus and Public Infrastructure Security and Investment Bond Act": This bill would establish and give authority for issuing bonds for the purpose of economic development, to be distributed to nine regions of the state, which are similar to the Technology, Trade and Commerce Agency's business regions. The bill is related to SB 924 and SB 981; the Freight Advisory Commission would make recommendations on infrastructure improvements within five miles of many facilities, including airports. *This bill did not pass out of its house of origin by the January 31, 2004 deadline. It will be deleted from the next report.*

20. SB 1095 (Chesbro) and AB 1800(Oropeza): Budget Act of 2004)" *This bill calls for the transfer of \$745,000 from Aeronautics funds to the General Fund. The transfer will decrease the State's potential to*

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fund future FAA Airport Improvement Program (AIP) matching grants, A&D safety projects and Airport Land Use Compatibility Planning (ALUCP) projects. The 2004/05 budget has potentially 14 safety projects estimated at \$2,615,444 and 17 ALUCP projects estimated at \$2,303,090. AIP grants are matched at 5%, so the transfer would potentially cause the State to lose up to \$14.9m in Federal funds. Depending on the number of AIP matching grants needing funding. SB 1095 is now in the Committee on Budget and Fiscal Review. AB 1800 is now in the Committee on Budget.

21. SCA 2 (Torlakson): "Local Government: Sales Taxes: Transportation and Smart Growth Planning": This proposed Senate Constitutional Amendment (SCA) would authorize a county, city and county, a local transportation authority, or a regional transportation planning agency to submit an increase in the sales tax to voters, for the purpose of funding transportation projects and services related to smart growth planning. *SCA 2 was amended February 20, 2004.*

22. SJR 16 (Morrow) and HR 23 (Parra/Dutton): "Military Air Fares": These resolutions would urge all airline companies in the United States to permanently establish, for active duty military personnel, a reduced price fare equal to, or lower than, the lowest fare offered for each ticketed flight. *This resolution was read the second time on February 25, 2004.*

23. SJR 23 (Ashburn and Knight): "Military Base Closures": *This resolution requests the President and Congress of the United States to include "intellectual capital" and "total mission support" in the list of essential 2005 Base Realignment and Closure Act evaluation criteria. This resolution passed the Senate and the Assembly.*